

HB 410 -- Sales and Use Tax on Electronic Sales

Sponsor: Love

This bill changes the laws regarding the collection of sales and use taxes relating to nexus with Missouri. In its main provisions, the bill:

(1) Revises the definition of "seller" to include any business that regularly or systematically solicits business in this state or solicits business in this state through an independent contractor or other representative for four quarterly periods, has a cumulative gross receipts in excess of \$200,000, and has delivered more than 100 sales of property in this state unless the business can demonstrate to the Director of the Department of Revenue that it will not meet these requirements in the next four quarterly periods;

(2) Specifies that soliciting business through an independent contractor or other representative includes a business that enters into an agreement with a resident of Missouri for a commission or other consideration and the resident directly or indirectly refers potential customers by a link on the Internet or otherwise to the seller if the cumulative gross receipts from sales by the seller to customers in Missouri who are referred by all residents with agreements with the seller exceeds \$10,000 during the preceding four quarters unless the seller can prove the resident with whom the seller has an agreement did not engage in any solicitation that would satisfy the nexus requirement of the United States Constitution during the four quarterly periods;

(3) Removes the provision regarding the sales and use tax exemption for retail sales made between Missouri and any other state and between Missouri and any foreign country;

(4) Revises the definition of "engages in business activities within this state" by adding the Internet as a media source to the list of advertising markets for sales and use tax purposes. The business must engage in the activity in this state for four quarterly periods, have a cumulative gross receipts in excess of \$200,000, and have delivered more than 100 sales of property in the state unless the business can demonstrate to the department director that it will not meet these requirements in the next four quarterly periods;

(5) Revises the definition of "vendor" to include a company who solicits business through the Internet; and

(6) Removes the provision exempting a vendor with less than

\$500,000 total gross receipts in Missouri or \$12.5 million nationwide with no selling agents or place of business in the state from collecting the use tax.